

40 Reasons to Buy a Franchise

Sara Wilson

Why buy a franchise? Off the top of your head, you could probably come up with a good number of reasons, but have you ever actually sat down and considered all the pros? We posed the question, got an overwhelming number of responses, put them all together, and came up with this extensive list. Ranging from the simple to the not-so-simple, here are 40 reasons to consider purchasing a franchise:

1. *The odds are in your favor.* “Franchises are exponentially more likely to make it through the tough years,” says Mike Welch, president of FranNet Minnesota, a franchise brokerage and consulting firm. “Statistics show that franchises are five times more likely [than non-franchise businesses] to be in business after 10 years.”

2. *You can know exactly what you’re buying before you buy.* “The potential franchisee can make an informed decision because a lot of information that can be obtained prior to purchase,” says Barry Kleiman, a business and self-employment coach and president/owner of Minkman Associates. “The Federal Trade Commission requires franchisors to provide the franchisee with certain information including the company’s history, information about the officers, litigation history, audited financial statements, the franchise agreement, and a current list of franchises with owners’ names and contact information.”

3. *It’s easy to calculate ROI.* “Very few businesses or industries very clearly show you how much you can earn and when you might expect to earn it,” says Rob Goggins, Vice President of Franchise Development at Great Clips Inc. “Established, successful franchisors can do this, which is a big benefit to first-time entrepreneurs.”

4. *You’re protected.* “Laws in place that require safety manuals, HR policies and procedures, manufacturing processes, etcetera are addressed [by the franchisor] and can be provided to comply with local, regional, and national requirements,” says Denise Beeson, a professor of small business management at Santa Rosa Junior College in Santa Rosa, California.

5. *Easier access to financing.* “Typically, financing for a franchise is a lot easier than financing for a new [independent] business,” says Jeff Platt, CEO of franchise Sky Zone Indoor Trampoline Park. “Banks recognize franchise names and are more comfortable loaning to [franchisees than to] a business with no proven track record.

After You Buy

6. *It gives you a head start.* “A franchise provides an established product or service that already enjoys widespread brand name recognition,” says Kleiman of Minkman Associates. “This gives the franchisee the benefits of customer awareness which would ordinarily take years to establish.”

7. The system's already in place. “The most important reason to consider a franchise when buying a business is that you are buying a system,” says George M. Vodin, president and founder of Fancy Art, NFP, an art gallery and custom framing franchise business. “You might consider SYSTEM an acronym for: Save Yourself Substantial Time, Energy, and Money.”

8. The purchasing power of a franchise will help you save money as a franchisee. “A larger franchise system is able to effectively pool the purchasing power of the group to leverage discounts and benefits from vendors, which in turn benefits each franchisee individually,” says Goggins of Great Clips.

9. Pooled resources translate into lower costs. “Of great value are the shared resources the franchisor provides at a much lower cost, since these are built and maintained for everyone,” says Jeff Dudan, CEO of AdvantaClean. “A few examples of these include call centers, software platforms, national advertising funds, and public relations campaigns.”

10. A business's success frequently boils down to location, location, location. A franchisor will help you find the right one. “Franchisors have entire departments whose responsibility it is to pick the best possible location from which you can do business successfully,” says Charles Franklin, Vice President of Franchise Development at Play N Trade Franchise Inc.

11. You get assistance with the physical build-out of your location. “The franchisor provides a wonderful benefit in helping you design the layout of the business and select the right contractors to do your build-out, as well as making sure you get the exact mix of fixtures and equipment you need to maximize the efficiency of your initial investment,” says Franklin.

12. You have the time to focus on your business. “As a non-franchise entrepreneur, most of your time will be spent writing HR manuals, building your website, or trying to come up with your next marketing piece,” says Mark Kushinsky, founder and CEO of MaidPro. “Franchise entrepreneurs can focus 100 percent of their time on talking to customers, working to improve employee training, and out-executing their non-franchise competition.”

Knowledge and Resources

13. You can tap into instant expertise. “You can be a strong leader, but not an expert in the specific franchise concept, and still find success,” says David Lewis, executive director of franchising for Express Employment Professionals.

14. The bulk of the marketing is done for you. “The franchisor should be devoting a significant amount of money to marketing the brand through advertisement, events, publications, social media, video distribution, and sponsorship,” says Jeffrey W. Lovejoy, a certified business coach and ActionCOACH franchisee. “Usually these are activities that, when done correctly, may strain the financial and human resources of an individual startup. In the franchise model, much of this support is provided by the franchisor.”

15. You can bypass some common mistakes. “[You can] avoid the mistakes restaurant owners have already made,” says Jeff Kennedy, founder of Moe’s Original Bar B Que. “You will make enough mistakes starting a business. You might as well start ahead of the curve.”

16. Not a good negotiator? No problem! The negotiations are done for you.

“Contracts are negotiated by the franchisor, enabling buyer power and giving the franchisee the ability to spend time working on the business, not in negotiations with suppliers,” says Craig Dunaway, president of Penn Station Subs.

17. You can tap into invaluable intellectual property. “Purchasers of franchises buy into a vast amount of intellectual property that in most cases they wouldn’t have had were they to start their own business,” says Lovejoy of ActionCOACH.

18. You have access to important business data. “When you’re in a franchise, running businesses identically [to others in the system], you can benchmark against clear trends from your brothers and sisters in arms and make changes that are significant to your business,” says Kushinsky of MaidPro.

19. The franchisor will stay abreast of industry news and keep you informed and operating correctly. “[They] keep up to date with regulatory requirements, changes in the industry, licensing,” says Ruth Garcia, owner of RG2 Consulting, a Denver-based franchise consulting practice. “Imagine the peace of mind and time savings a franchisor can bring to the table in an industry such as health care.”

You’re Not Alone

20. Help is only a phone call away.

“You have a ‘911’ in the event something happens or you need assistance,” says Beeson.

21. You’ll join a team of people. “Franchising is a community,” Suzanne Loonam Trigg, a franchise lawyer that represents franchisors and franchisees exclusively. “We train each other, share camaraderie, and pursue legislative and other initiatives – together.”

22. In hard financial times, you can find a helping hand. “Several [franchisors] have offered significant royalty abatement, that is, the franchisee does not pay the franchisor fees, during the recession to help troubled franchisees and others are offering financing,” says Trigg.

23. Your problems are shared by many. “If you own an independent business, your problems are your problems,” says Welch of FranNet Minnesota. “When you own a franchise, your problems are the franchisor’s problems as well.”

24. There’s power in numbers. “There is great synergy in hundreds of offices combining their resources, focus, and expertise on whatever business challenge is at hand,” says Kushinsky of MaidPro.

25. *A lot of minds are better than one.* “Purchasing a franchise gives you a ‘think tank’ type environment all focused on the same goal - success of their business,” says Doug Schadle, CEO, Rhino 7 Franchise Development Corp., a franchise developer. “Most franchisors welcome creative ideas to better the brand as a whole, and as a franchisee, you have access to all of the creative and successful ideas from others who are running the same business you are in.”

26. *You have a golden ticket to national conventions.* “Franchisees have the chance to go to conventions, where there is additional training, the chance to talk with corporate leaders and breakout sessions that teach you how to do a better job of running your business,” says Jennifer Camisi, owner of Senior Helpers of Southern Louisiana. “These conventions are incredibly valuable business tools.”

27. *You have a team of people working to help you succeed.* “The right franchisor has experts - founders, executives and internal consultants - whose goal is to learn what’s working and what’s not working from the widespread operations of the franchise business, and then share that knowledge with franchisees,” says Kushinsky of Maid Pro. “In addition, franchisees themselves form a community and consult directly with one another, as they help improve their collective businesses in a non-competitive manner.”

28. *You can benefit from a high level of camaraderie.* “It’s more fun to climb a mountain with colleagues you don’t compete with,” says Kushinsky of MaidPro. “[There’s a] shared sense of purpose, the fact that others can relate to exactly what you’re going through, and that they can provide a hand up, leg up, or pat on the back in the face of the challenging business climate.”

Life Quality

29. *You’ll have better work conditions.* “No more corporate politics, you don’t have to wear a suit and tie anymore, it’s fun to come to work every day and creative thinking is allowed,” says Rick Crews, Owner of Doctors Express in Springfield, Massachusetts.

30. *You can follow your dreams and not be limited by your skill set.* “Do something you are truly passionate about,” says Garcia of RG2 Consulting. “Franchising offers you the opportunity to break into an industry you have no previous experience in.”

31. *You’ll win the admiration of others.* “Ninety-nine percent of people you meet will want to talk to you because they are intrigued about running their own business.” says Christopher P. Coulter, VP of JJ Ventures, LLC.

32. *You gain more control over your own destiny.* “If you are one of the many folks who invest in a franchise after a bad experience in the corporate world, one of the attractions is that you can’t be laid off,” says David W. Koch, a partner at Plave Koch PLC.

33. You get the best of both worlds. “It puts you in a unique position of being ‘the boss,’ but not feeling like your world is complete chaos because you still have a corporate office that provides tons of support,” says Coulter.

34. You’re in control of your own schedule. “As business owner, you can decide when to take appointments, vacation, and ultimately who does what, and when,” says Dudan of AdvantaClean. “All employers are not as flexible as you might be to yourself.”

A Brighter Future

35. There’s potential to grow. “In some cases, [you have] the ability to increase revenues through development of additional locations in protected territories using area development agreements,” says Ron Llewellyn, a franchise consultant and a business and franchise law attorney.

36. Better chances of reselling down the road. “A good franchisor will provide you with the support and assist you with your exit strategy; chances are likely they will have qualified candidates lined up looking to save a lot of time and effort,” says Franklin of Play N Trade Franchise Inc.

37. You’re investing in yourself. “A franchise can offer a proven path to building equity, rather than being a corporate worker bee - just like owning a home versus renting,” says Lewis.

38. It can be a bridge to retirement. “For those who have had a great career but are not quite ready to retire, a franchise may be a great option,” says Dudan of AdvantaClean. “With five to 10 years left of work, a franchise provides reduced risk by investing in a proven concept. In addition to the resale benefit, it may take you less time to build up a franchise business, versus starting from scratch.”

39. It’s a good way to diversify assets. “Investment professionals advise to maintain a diverse portfolio, to defer taxation wherever possible, and to include real estate, and even consider business ownership,” says Dudan. “Many people today are pulling capital from their 401(k)s and investing in themselves by using hard earned retirement capital to launch a franchised business. Equity can be built while avoiding capital gains taxes until the business is sold.”

40. It’s something that can be passed on. “Although franchise purchasers sometimes are said to be ‘buying a job,’ they are doing more than that, because they hope to create an asset that can be sold for value or passed on to family members,” says Koch of Plave Koch PLC.